

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7723

BILL NUMBER: HB 1706

DATE PREPARED: Feb 20, 2001

BILL AMENDED: Feb 19, 2001

SUBJECT: Temporary Employees in the Construction Trades.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a temporary employee in the construction trades who is placed by a temporary employment agency with a third party client company employer is an employee of the third party for worker's compensation purposes. It provides grounds for disqualification for unemployment benefits for a temporary employee. The bill regulates temporary employment agencies that place temporary employees in the construction trades with third party client companies. The bill also provides that a temporary employment agency that violates or fails to follow these regulations commits a Class A misdemeanor. It provides that a temporary employee in the construction trades who is not compensated in the manner provided, or who is charged for various items or services, may bring a civil action against the temporary employment agency. The bill requires the department of labor to enforce the provisions.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Department of Labor may have additional expenses in monitoring the compliance with the bill.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The agency has 129 authorized and 23 vacant positions and reverted \$467,575 to the state General Fund for FY 2001. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A

misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: